Directive on Fleet Management: Executive Vehicles

1. Effective date

This directive is effective as of November 1, 2006, and incorporates changes effective as of August 9, 2018

2. Application

This directive applies to all departments as defined in section 2 of the Financial Administration Act unless specific acts or regulations override the act.

3. Context

Although the Treasury Board Policy on Management of Materiel provides direction on managing departmental materiel assets throughout their life cycle, this directive contains **additional** direction on managing executive vehicles.

The objective of this directive is to ensure that the Government of Canada's executive vehicle fleet, while meeting the needs of authorized users, is managed with:

- economy
- equity and probity
- in consideration of the impact of the fleet on the environment

All requirements related to data collection, credit cards and fleet information systems set out in the Treasury Board Fleet Management Directive: Light Duty Vehicles also apply to the federal executive vehicle fleet.

This directive is issued pursuant to the Financial Administration Act, subsections 7(1)(a) and 9(2).

4. Definitions

Definitions to be used in interpreting this directive are in the Appendix.

5. Requirements

5.1 Authorized users

5.1.1 Authorized users of the federal executive vehicle fleet are:

- Cabinet ministers
- ministers of state
- secretaries of state
- deputy ministers of the Crown
- certain eligible senior officials

5.1.2 Eligible senior officials are those who:

- hold a full-time position within the Government of Canada
- have a classification equivalent to the DM 2 level (GC 9-10 or GCQ 9-10) or above
- are deputy heads
- occupy the most senior position in the organization

5.2 Authorized maximum price

5.2.1 The authorized maximum price limit for executive vehicles is established by the Comptroller General of Canada. These limits are adjusted annually (either increased or decreased) in order to:

- take into account changes in market conditions
- ensure that a selection of zero-emission vehicles is available
- ensure that a selection of vehicles is available across vehicle categories and capabilities

5.2.2 The Treasury Board of Canada Secretariat (TBS) will communicate maximum price limits annually to:

- the vehicle-contracting authority at Public Services and Procurement Canada (PSPC)
- the Privy Council Office

5.2.3 The actual total price paid for an executive vehicle must fall within the applicable limit and includes:

- the cost of all factory-installed equipment and accessories

- all preparation and delivery charges

Note: The following aftermarket equipment and accessories installed in an executive vehicle for reasons of security and efficient government business are excluded from the actual total price of a vehicle:

- telephones
- alarm or security systems
- reading lamps

5.2.4 Vehicle leases must be avoided unless specific operational requirements dictate that they be used. When vehicle leases are required, the purchase price of the leased vehicle must fall within the applicable authorized maximum price limit.

5.2.5 Subject to the exceptions set out in subsection 5.2.6 of this directive, authorized maximum price limits will be reduced by 25% for:

- any vehicle purchased to replace a vehicle that was accepted from the delivering dealer less than six years previously and after April 1, 2018, or that has not travelled more than 150,000 kilometres
- any vehicle that was accepted from the delivering dealer less than three years previously and before April 1, 2018, or that has not travelled more than 150,000 kilometres

5.2.6 The Treasury Board must approve exceptions to the authorized maximum price for executive vehicles.

5.3 Standards for executive vehicles

5.3.1 The type, size and quality of executive vehicles purchased must be comparable, in general, to those of vehicles purchased in the private sector for similar use. Individuals purchasing such vehicles must act with probity and exercise prudence in acquiring and using government property.

5.3.2 Executive vehicles must provide adequate and cost-effective transportation for official purposes and meet some of the user's personal preferences and needs. These vehicles must, above all, be highly reliable, safe and secure for the users.

5.3.3

Executive vehicles must be zero-emission or hybrid-electric vehicles. The number of vehicles operating on alternative fuels is subject to the Alternative Fuels Act at all times.

5.3.4 An executive vehicle must meet executive business requirements and must fall within one of the following categories:

- intermediate or smaller four-door sedan
- station wagon
- sports utility vehicle
- minivan

5.3.5 The Treasury Board must approve exceptions to executive vehicle standards.

5.4 Acquisition and use

5.4.1 PSPC has exclusive authority for acquiring executive vehicles. Departments must conclude all transactions for executive vehicles with PSPC headquarters and must not discuss any terms of acquisition with dealers.

5.4.2 PSPC will:

- ascertain the eligibility of the official for whom an executive vehicle or insurance coverage is requisitioned
- verify that the vehicle conforms to the executive vehicle standards as defined in subsection 5.3 of this directive

5.4.3 In order to support the government's objective to green its operations, departments must take action to initiate the replacement of conventional fuel-powered vehicles six years after they were first used. Departments may opt to use life-cycle costing principles to determine when to replace hybrid and alternative fuel vehicles.

5.4.4 Executive vehicles must be purchased through PSPC headquarters at the best available price and in compliance with the procurement practices stipulated in:

- the Treasury Board Directive on Fleet Management Directive: Light Duty Vehicles
- the Alternative Fuels Act

Trading in executive vehicles and purchasing used vehicles are prohibited practices because they are not cost-effective for the federal government.

5.4.5 Executive vehicles acquired through dealer stock:

- are generally more expensive than those acquired through PSPC's departmental individual standing offers
- must be avoided whenever possible

5.4.6 Departments must inform the PSPC contracting authority of the acceptance date of each vehicle acquired.

5.4.7 When emergencies occur or delays are expected in the delivery of a new vehicle, consideration must be given first to extending the use of the vehicle being replaced and then to:

- using another departmental vehicle
- as a last resort, using a rental vehicle until the ordered vehicle is delivered by the manufacturer

5.4.8 Departments must consider the environmental effects of the acquisition, use and maintenance of executive vehicles. Guidelines on Fleet Management, Chapter 1: Light Duty Vehicles contains a Green Fleet Management Checklist to help departments ensure that they manage their fleet in an environmentally responsible manner.

5.4.9 E-10 fuel must be used when available in all executive vehicles that are equipped with engines that operate on regular gasoline.

5.4.10 Vehicles equipped to operate on E-85 ethanol must use this fuel when available. If E-85 ethanol is not available, these vehicles can operate on E 10 ethanol and must use it when it is available.

5.4.11 Departments must take measures to eliminate unnecessary idling of executive vehicles. Examples are:

- mounting an anti-idling campaign
- making optimal use of anti-idling technologies such as auxiliary power units and cab heaters

5.5 Insurance

5.5.1

Notwithstanding the normal government practice to "self-underwrite" government vehicles, all motor vehicles provided to the following must be fully insured commercially, with coverage for official and personal use:

- ministers
- ministers of state
- secretaries of state
- deputy ministers of the Crown
- eligible senior officials

Proper insurance coverage is to be arranged through PSPC.

5.5.2 At a minimum, the insurance policy must include the following coverage, as determined to be appropriate by PSPC:

- public liability
- property damage
- collision
- comprehensive

Guidelines contained in Guide to Fleet Management, Chapter 2: Executive Vehicles, include recommended minimum coverage.

5.5.3 PSPC will:

- pay for the insurance coverage at the beginning of the coverage period
- will be reimbursed by the appropriate departments and agencies at the end of the coverage period

Departments and agencies are responsible for the cost of deductibles on the insurance policy.

5.6 Fleet credit cards

5.6.1 Departments must:

- assign a vehicle-specific fleet credit card to each vehicle
- use this card for all fuel purchases, repairs and maintenance of the vehicle and, where possible, for vehicle charging

5.7 Disposal

5.7.1 Executive vehicles must be disposed of in accordance with the

requirements of:

- the Treasury Board Policy on Management of Materiel
- the Treasury Board Directive on Disposal of Surplus Materiel

5.8 Personal use

5.8.1 The following may make personal use of executive vehicles provided by their departments or agencies when these vehicles are not required for official use:

- ministers
- ministers of state
- secretaries of state
- deputy ministers of the Crown
- eligible senior officials

5.8.2 An executive vehicle may also be made available for personal use to persons related to the authorized user, provided that:

- the vehicle is not required for official use
- it is commercially insured for official and personal use

5.8.3 Under the Income Tax Act [1], use of an executive vehicle for anything other than official use:

- generally constitutes a taxable benefit
- must be reported as income to the Canada Revenue Agency

For more information on their obligations under this legal requirement, including a definition of "personal use," departments should refer to the Canada Revenue Agency's Interpretation Bulletin IT63R5 Benefits, Including Standby Charge for an Automobile, from the Personal Use of a Motor Vehicle Supplied by an Employer - After 1992.

5.9 Federal Identity Program markings

5.9.1 Executive vehicles must not bear external identification markings such as those identified in subsection 3.1 of the Federal Identity Program Manual.

6. Responsibilities of other government

organizations

Note: This section is meant to inform departments of other significant roles in managing executive vehicles. In and of itself, it does not confer an authority.

6.1 The Privy Council Office is responsible for:

- maintaining the list of Government in Council appointees who are eligible to use an executive vehicle
- providing this eligibility list to TBS and to PSPC on a quarterly basis

7. References

Relevant legislation

- Alternative Fuels Act
- Income Tax Act

Related Treasury Board policy instruments

- Policy on Management of Materiel
- Directive on Fleet Management: Light Duty Vehicles
- Directive on Disposal of Surplus Materiel
- Guidelines on Fleet Management, Chapter 1: Light Duty Vehicles

8. Enquiries

Enquiries about this policy instrument should be directed to the departmental organizational unit that is responsible for fleet vehicles.

For interpretation of this policy instrument, the responsible organizational unit should contact TBS Public Enquiries.

Appendix: Definitions

alternative fuel (carburant de remplacement)

A fuel for use in motor vehicles to deliver direct propulsion that:

- is less damaging to the environment than conventional fuels
- prescribed by regulation

- includes:
    - ethanol
    - methanol
    - propane gas
    - natural gas
    - hydrogen
    - electricity

When used as a sole source of direct propulsion energy, an alternative fuel is a blended fuel (containing gasoline or diesel) when the alternative fuel portion makes up at least 50% of the blend (includes flex-fuel and bi-fuel vehicles).

authorized travel (déplacement autorisé)

Travel in a government vehicle or alternative mode of transportation for the purposes of conducting government business.

E-10 fuel (carburant E10)

A low-level ethanol blended fuel consisting of a blend of no more than 10% ethanol and no less than 90% gasoline. Low-level ethanol blended fuel is gasoline blended with ethanol in low concentration. In Canada, low-level ethanol blended fuel is manufactured and available in a range of concentrations from 5% to 10% ethanol content

E-85 fuel (carburant E85)

A high-level ethanol blended alternative fuel. In Canada, E-85 ethanol blended fuel (a mixture of ethanol with gasoline) is manufactured and available in a range of concentrations from 65% for colder seasons and up to 85% ethanol content for warmer seasons. Only flex-fuel vehicles (equipped with an engine and fuel system that are compatible with E-85 fuel) can operate on this fuel, although they can also operate on gasoline or any combination of these two fuels. An E-85 identifier is usually located inside the fuel filler door.

fleet credit card (carte de crédit de parc automobile)

A credit card provided by a fleet management support services provider, to be used for:

- the purchase of fuel
- vehicle charging
- other operating and maintenance expenses related to government vehicles

Normally, a credit card should be assigned to one executive vehicle.

fleet management support services provider (fournisseur de services de gestion de parcs automobiles)

A private sector supplier of fleet management information services and a companion credit card system

flex-fuel vehicle (véhicule polycarburant)

A vehicle that has a single fuel system that operates on either of two different fuels or a blend of the two (for example, an E-85 vehicle can operate on gasoline alone or on any blend of gasoline and ethanol, to a maximum of 85% ethanol). Vehicles in the future might operate on gasoline or ethanol alone, or a blend of the two.

hybrid vehicle (véhicule hybride)

A hybrid-electric vehicle that is propelled by both an internal combustion engine and an electric drivetrain that draws power from on-board batteries that cannot be recharged by plugging into the grid. A hybrid-electric vehicle uses the following to recharge its batteries:

- the gasoline engine
- regenerative braking
- the energy produced from coasting

leadership vehicles (véhicule exemplaire)

Vehicles that, through the application of advanced technologies or alternative fuels (or both), significantly reduce fuel consumption, greenhouse gas emissions or regulated emissions (or both); criteria used to define a leadership vehicle are established by the interdepartmental Federal House in Order Transportation Task Group but are updated and approved annually by Public Services and Procurement Canada (PSPC) and the interdepartmental Government Motor Vehicle Technical Committee chaired by PSPC.

zero-emission vehicle (véhicule à émission zéro)

Includes plug-in hybrid, battery-electric, hydrogen, and fuel-cell vehicles:

- Plug-in hybrid electric vehicle: A plug-in hybrid electric vehicle is propelled by both an internal combustion engine and an electric drivetrain that draws power from on-board batteries, which are recharged by plugging into the grid or by the gasoline engine. Compared with hybrid-electric vehicles, these vehicles offer a much greater electric-only range.
- Battery-electric vehicle: A battery-electric vehicle is propelled entirely by an electric drivetrain that draws power from on-board batteries that must be recharged by plugging into the electricity grid.
- Hydrogen internal combustion engine vehicle: A hydrogen internal combustion engine vehicle is propelled entirely by an internal combustion engine that burns hydrogen.

- Fuel-cell electric vehicle: A fuel-cell electric vehicle is propelled entirely by an electric drivetrain that draws power at least in part from on-board conversion of hydrogen to electricity in a fuel cell.

Footnotes

1 Paragraphs 6(1)(a), (e), (e.1), (k) and (l) and subsections 6(1.1), (2), (2.1) and (7) (also subsections 15(1), (1.3), (1.4), (5) and (7) and paragraph 12(1)(y))

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ISBN: 978-0-660-27781-3

Date modified: 2018-08-30